SOCIETY FOR HUMAN RESOURCE MANAGEMENT

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on behalf of the
Society for Human Resource Management (SHRM)

Introduction

Good morning. My name is Laurie Charest and I appreciate the opportunity to participate in today's White House Conference on Aging solutions forum on elder caregiving.

I am the Associate Vice Chancellor for Human Resources at The University of North Carolina (UNC) at Chapel Hill. One of my responsibilities is to develop programs that help our employees balance work and family issues, which helps ensure UNC is a recognized employer of choice in our community.

I appear today on behalf of the Society for Human Resource Management (SHRM). SHRM is the world's largest association devoted to human resource management. Representing more than 200,000 individual members, the Society's mission is to serve the needs of HR professionals by providing the most essential and comprehensive resources available. As an influential voice, the Society's mission is also to advance the human resource profession to ensure that HR is recognized as an essential partner in developing and executing organizational strategy. Founded in 1948, SHRM currently has more than 500 affiliated chapters and members in more than 100 countries.

SHRM is well positioned to provide unique insight into the concerns surrounding eldercare issues in the workplace. As public and private employee benefit plan sponsors, HR professionals are intimately involved in all aspects of benefit plan design, implementation, and administration. HR professionals are also responsible for crafting workplace policies that support the work/life needs of employees while contributing to organizational success. I appreciate the opportunity to be a part of this panel to highlight efforts by HR professionals and employers to address eldercare issues and to provide recommendations that may further help employers attend to their workforces' eldercare needs.

Eldercare is a growing workplace concern that will become more significant for employees and employers over the next decade. Eldercare issues come with a number of unique challenges for organizations. Perhaps most notably is the fact that employers often times are not aware of the eldercare issues their employees face. Unfortunately, because eldercare is a sensitive and often private issue for employees, they are often reluctant to share their concerns with employers, which is a major reason why eldercare in the workplace is often a hidden problem. For example, while it is not uncommon for employers to be aware of an employee's child care needs, the needs of an employee who is caring for an aging relative from a distance may not be readily apparent to employers. I wonder how many employees must care for older relatives outside of where they live. Most everyone I know with eldercare issues must travel extensively to assist in the care of a family member. In addition, eldercare not only involves caring for parents or older relatives, but may also involve one spouse providing care for the other.

Given these unique challenges, it can be difficult for employers to fully understand the eldercare needs of their workforce. As employees' needs in this area become more apparent, employers can more readily respond with policies, benefits, or programs that create an environment in which caregivers in the workplace feel more comfortable with their work and family life balance.

Scope of the Eldercare Issue

The makeup of the labor force has slowly changed over the past 50 years, and significant changes are on the horizon. This demographic shift has been exacerbated by the trend of early retirement of the baby boom generation. In 1950, there were seven working age people for every elderly person in the United States. By 2030, with the last of the baby boom generation turning age 66, there will be only three working age people for every elderly person. Additionally, an unprecedented 20 percent of the population will be over age 65.

With baby boomers beginning to reach age 60, many employees are finding themselves increasingly responsible for older relatives. As the population ages, eldercare will become an even more important issue for both employers and employees. In fact, according to HR professionals surveyed for the *SHRM 2004-2005 Workplace Forecast: A Strategic Outlook,* two of the most important demographic trends that will impact the workplace are the growth in the number of workers with eldercare responsibilities, and the growth in the number of employees with both childcare and eldercare responsibilities.

Certain societal trends are also driving increased focus on eldercare issues. For example, recent years of lower birth rates have led to declining family size, ultimately meaning there are fewer family members to provide care for elderly relatives. In addition, more women are now part of the workforce. At the same time, women tend to live longer, healthier lives, resulting in a growing number of working women who are caregivers for their spouse.

Although the profile of a typical caregiver is a 46 year old woman, married, employed full time, and spending 18 hours a week on caregiving, men are just as likely as women to report they are the primary caregiver for the elderly. Although both men and women engage in eldercare responsibilities, the types of eldercare they provide tend to differ. For example, women are more often involved in caring for the health and well-being of an elderly loved one, whereas a male caregiver is more likely to attend to the financial or transportation needs of an elderly relative. Men, however, are less likely than women to feel comfortable discussing their responsibilities with colleagues and supervisors and may be less likely to get support as a result.

Data from the *SHRM 2003 Eldercare Survey* underscores the idea that eldercare in the workplace continues to be a hidden problem. In the survey, respondents were asked to estimate the percentage of employees at their organization currently facing eldercare issues. The mean response was 14.8 percent, or about 1 out of 7 employees. According to national research, however, about 1 out of 4 U.S. households is involved in the care of an older relative or friend.[1] This seems to suggest that HR professionals may simply not be aware of what so many employees consider to be a private and emotional issue.

Impact on Employees and Employers

According to the 2004 national caregiver survey conducted by the National Alliance for Caregiving with AARP, there are 44.4 million family caregivers in the United States and 60 percent of these caregivers are employed. Although this is a significant number, some believe the need for eldercare will hit critical mass in 2012 when the first wave of the baby boom generation turns age 65. Research suggests that eldercare issues already have a significant financial impact on organizations, costing employers between $11.4 and $29 billion annually.[2] These statistics suggest that successful organizations will want to begin to address eldercare concerns in conjunction with their strategic business initiatives.

To determine the effect eldercare issues have in the workplace, respondents in the *2003 SHRM Eldercare Survey* were asked to rank a series of issues related to eldercare that they have witnessed in their organizations. Absenteeism is the most frequently reported impact of eldercare issues. Sixty-two percent of respondents have seen partial day absenteeism as a result of employees who need to care for an older relative, and 59 percent have seen full day absenteeism. Sixteen percent of respondents indicated that their organization has faced increased turnover due to eldercare issues.

The financial and emotional impact of caring for an elderly relative can be significant for employees as well. Caregiving can force employees to take time off, pass up promotions or plum assignments, retire early, or even leave the workforce. On average, these actions cost employees nearly $659,000 over their lifetimes in lost wages, Social Security, and pension contributions.[3] Caregivers often feel isolated and experience stress from the burden of balancing caregiving, work, and other family responsibilities. In addition, many employees report that caregiving negatively affects their own health, resulting in more doctor visits and consequently higher insurance costs for their employer.

Efforts by Employers to Address Eldercare Issues

Although the research suggests that millions of working Americans have the additional responsibility of caring for an elderly relative, eldercare issues are still relatively new to many employers. As a result, only one-quarter of respondents in the *SHRM 2003 Eldercare Survey* indicated that their organization offers eldercare benefits. As the population continues to age and the number of caregivers grows, this disconnect will become more pronounced and has the potential to severely impact productivity, retention, and employee satisfaction.

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[1] "Family Caregiving in the United States," National Alliance for Caregiving and American Association of Retired Persons (NAC/AARP), 1997
[2] "MetLife Study of Employer Costs for Working Caregivers," Metropolitan Life Insurance Company, 1997.
[3] "The MetLife Juggling Act Study: Balancing Caregiving with Work and the Costs Involved," 1999.

Employers may be slow in responding to employees' eldercare issues simply because they do not fully grasp the extent of their workforces' eldercare needs. Additionally, employer efforts to identify employees' eldercare needs may prove difficult. Rather than simply relying on employee survey data, employers may find it more useful to ask their employees what support services would be helpful if faced with caring for an elderly relative.

Financial and demographic data suggest that HR professionals should examine their organization's eldercare programs, policies, and benefits. As employers' stake in eldercare issues increases, HR can help their organizations by getting an overview of their employees' current and future elder care responsibilities and choosing the right mix of benefits and policies to help their workers meet those needs. As the eldercare issue grows, so will companies' use of multiple eldercare benefits. I have outlined a few of the most common benefit programs that employers currently offer. Additionally, I have included some specific public policy recommendations that would ease some of the current barriers to offering eldercare benefits.

Leave Benefits

According to the *SHRM 2003 Eldercare Survey*, the most common eldercare benefits offered by employers are various unpaid leave benefits, employee assistance programs for counseling and support of caregivers, and dependent care flexible spending accounts. While offering unpaid leave options allows companies to balance the work/life needs of employees with the strategic business needs of the organization, the financial implications of unpaid leave make it a difficult option for many employees. Employees who do take unpaid leave face reduced income at a time when they are often, to some extent, supporting an additional dependent. Other leave benefits include employee leave sharing and providing paid sick leave that may be used by employees to address eldercare issues.

SHRM encourages voluntary leave programs and policies as one solution, where financially viable for the employer, to assist employees in balancing the demands of work and family life. However, SHRM opposes any federal or state government effort to mandate leave benefits in any form and believes that employers are in the best position to devise plans tailored to meet the needs of their employees. Any federal initiative that removes or restricts the flexibility of an employer in shaping such leave benefits ultimately eliminates the ability of employers to meet the unique needs of their workforce.

Public policy makers should consider government incentives, such as tax credits or new programs designed to encourage employee participation in savings plans that may be used to pay for employer-approved leave. Tax credits could be used as incentives for organizations that voluntarily provide some measure of paid family leave, or create significantly more flexibility in the workplace for employee caregivers.

Flexible Work Arrangements

Instead of creating formal policies that deal exclusively with eldercare, many employers have extended their existing work/life or flexible scheduling options to cover employees' needs. Flextime, compressed work weeks, telecommuting, part-time hours and job-sharing are ways employers can help caregivers better manage their time and balance their responsibilities.

To ensure these options are properly utilized, employers often must provide strong supervisory training so that supervisors understand how they can use these programs to assist employees. Significantly, only 11 percent of respondents in the *SHRM 2003 Eldercare Survey* indicated their organization currently trains managers to understand and deal with employee eldercare issues.

In an effort to encourage greater use of flexible work arrangements, public policy makers should review federal and state laws to determine if additional flexibility can be built into current wage and hour protections to allow for compensatory time off. In addition, SHRM supports policies and legislative provisions that encourage voluntary business and employee participation in telecommuting.

Dependent Care Benefits

As the demographics of the workplace continue to evolve, a growing number of organizations are offering their employees dependent care benefits to help with childcare and the care of older relatives. Although dependent care assistance can take many forms, the most common is in the form of a flexible spending account. Under Section 125 of the Internal Revenue Code, which governs cafeteria benefit plans, an employee may set aside up to $5,000 in pre-tax income for dependent care. Many employers feel that offering dependent care benefits may boost employee morale and help attract and retain quality workers.

Unfortunately, many employees care for family members who do not meet the federal definition of a qualifying person for purposes of tax favored dependent care assistance reimbursements. Under current law, a parent who is physically or mentally unable to care for him-or herself, regardless of age, qualifies as a dependent under the Internal Revenue Code. However, there may be many situations where a family member may not meet this definition, yet need assistance. Public policy makers may want to consider a broader definition of dependent to provide greater assistance to working caregivers. In addition, increasing the amount that employees may contribute to a dependent care account could further reduce financial stresses caregivers face. SHRM supports additional public policy efforts to increase employee participation in dependent care accounts by increasing the contribution level for these accounts. Fifty-eight percent of HR professionals surveyed for the *SHRM 2003 Eldercare Survey* agreed that there is a need to increase the contribution amount permitted under dependent care flexible accounts.

Long-Term Care Insurance

Long-term care insurance is used to finance long-term care needs, such as nursing home care, assisted living facilities, or home care. Employees can use this benefit to cover the cost of care for an older relative, alleviating some of the stress and financial strain that often occurs when an elderly loved one is faced with long-term care needs. However, at this time, this benefit is not widely available. According to the *SHRM 2003 Eldercare Survey*, only 16 percent of respondents indicated that their organization offers long-term care insurance. Although long-term care insurance is gaining acceptance as an employer-sponsored benefit, it still has a long way to go. Few employers contribute to the monthly premium and many employees lack the disposable income to afford long-term care insurance premiums.

As today's employees provide care for older relatives, their thoughts will likely turn to how they will manage their own care down the road. Long-term care insurance may bolster productivity by helping employees avoid using work time to give or arrange for the care of older relatives and may also help employees prepare for their own future. How? As long-term care coverage gains acceptance with employers, HR will play a key role in helping employees decide whether this relatively new type of insurance is right for them.

Under current law, long-term care insurance cannot be purchased through Section 125 cafeteria plans or on a pre-tax basis. Public policy makers should consider allowing employees to purchase long-term care insurance with pre-tax dollars through employer-sponsored Section 125 plans, which would make this benefit much more attractive to employees. A majority of HR professionals surveyed for the *SHRM 2003 Eldercare Survey* agreed that individual tax incentives for the purchase of long-term care insurance covering older relatives would help defray the costs of employer-provided long-term care assistance. SHRM supports public policy efforts that encourage individuals to purchase long-term care policies either on their own or through the employer market.

Other Benefits

Benefits such as eldercare referral services, literature or education on eldercare issues, and periodic informational events about eldercare issues are a low cost and easy, yet underutilized, way to support employee caregivers and demonstrate an organization's commitment to employee needs. Twenty-one percent of respondents in the *SHRM 2003 Eldercare Survey* indicated that their organizations offer eldercare referral service, which provides counseling, information, and referrals on a range of eldercare issues. Some typical referrals include nursing homes, others housing options and residential facilities, in-home health care providers, and other types of visiting services. When offering this benefit, employers must realize that many employees may be trying to care for an aging family member from a great distance. Therefore, eldercare referral services should provide nationwide access.

Simply distributing information on local resources for caregivers demonstrates a commitment to employee well-being without a major financial investment, yet only 17 percent of respondents indicated their organizations provide this service. Another eldercare benefit that is being considered by a growing number of large employers is negotiating provider discounts on eldercare services for employees. For example, the University of North Carolina at Chapel Hill contracts with a local organization to provide employees with a discounted hourly fee on assistance with transportation, housekeeping, food preparation, and reminders to take prescribed medicine for elderly parents or relatives being cared for at home.

Opportunities for Employers in Offering Eldercare

Employers seek to recruit and retain the most talented employees, and in the years ahead, eldercare benefits and programs will surely be an effective recruitment and retention tool. However, the cost of providing these benefits is often cited as a major barrier. In the *SHRM 2003 Eldercare Survey*, for example, 39 percent of respondents agreed that "providing eldercare resources and benefits to employees is too costly to be feasible for my company." However, lost productivity due to eldercare issues is estimated to cost businesses $11.4 to $29 billion a year, which suggests that organizations must take a closer look at the strategic business implications of not offering eldercare benefits in the workplace.

As the number of employee caregivers grows, an employer may want to consider developing a formal policy on eldercare after a thorough cost-benefit analysis. However, employers, HR professionals and public policy makers should keep in mind that when it comes to eldercare benefits "one size does not fit all." For example, personal days off may be more beneficial to long-distance caregivers while flextime may work better for closer employees who currently come in to work late and leave early. Flexibility must be an essential component of any policy.

One of the biggest challenges for employers who offer eldercare benefits is ensuring that employees are aware of the services that are offered. HR professionals can play a critical role in ensuring that employees know about and understand an organization's eldercare benefits through effective communication strategies. Low awareness could translate into decreased productivity if, for example, an employee spends time and energy searching for information that an eldercare referral service could easily have provided.

Conclusion

As the population continues to age, more and more workers will face eldercare issues. Thus, eldercare will be a workplace issue of growing concern to organizations and their HR professionals. In the coming years, it is likely that an increasing number of employees will turn to their employers for help in addressing their eldercare responsibilities. Preparing for this increase now ensures organizations are properly equipped to handle eldercare issues as they become more common.

Progressive organizations will acknowledge that eldercare is an issue that needs to be supported and addressed and will respond with programs to help employees balance their personal and professional lives. The more that employers help to alleviate the burdens that many working caregivers face, the better off their organizations will be.

Again, thank you for the opportunity to participate in this important forum.